



January 2003

Australia Day Edition

Inside this Issue

- 2 Best Prospects:
Aircraft & Parts
- 3 Aust. Defence IT
Outsource
- 4 NZ Aviation Update
- 5 Access Australia
- 6 Enviro News
- 7 Mining Exhibition
- 7 Internet Ruling
- 8 Australia International
Airshow 2003

The data provided in this bulletin is given solely as an information resource and does not imply endorsement by the U.S. Dept. of Commerce.

Editorial Co-ordinator Jan Swift

Production Co-ordinator Franz Bohm

Editor-In-Chief James McCarthy

AUST-N Z

Export Opportunities Bulletin

U.S. Commercial Service Australia/New Zealand

U.S. COMMERCE OFFICIAL TO LEAD U.S. AEROSPACE COMPANIES ON BUSINESS DEVELOPMENT MISSION TO AUSTRALIA AND NEW ZEALAND

U.S. Commerce Deputy Assistant Secretary Joe Bogosian today announced he would lead a group of U.S. aerospace companies in April on a business development mission to Australia and New Zealand. The mission, to be held from April 27-May 6, 2003, is geared to help U.S. civil and military aerospace service and manufacturing firms expand their presence in the Australian and New Zealand markets.

“Creating new trade opportunities for U.S. aerospace businesses is what this trade mission to Australia and New Zealand is all about,” said Joe Bogosian, Deputy Assistant Secretary of Commerce for Transportation and Machinery. “Trade missions like these add to a business’ success and foster global economic prosperity.”

The delegation will visit Canberra, Brisbane and Melbourne, Australia and Auckland, New Zealand (with Wellington and Christchurch optional destinations) to gain first-hand market information and meet with key government officials and potential business partners.

In Australia, the delegation will meet with the Ministry of Transport, the Civil Aviation Authority, the Ministry of Defense and the Australian Airports Authority. In New Zealand, the delegation will meet with senior officials from the Civil Aviation Authority and Ministries of Transport, Technology and Defense. In both countries, the delegation will be introduced to potential business partners through mission events and tailored business-to-business meetings.

Australia and New Zealand both project continued growth in demand for U.S. aerospace products through 2005. Australia’s new low-cost carriers are expanding and will need additional aircraft and parts. The Australian Airports Authority is examining plans for a new airport in Sydney. Australia is also planning to implement a state-of-



the-art telecommunications system relying on space technology. The Royal Australian Air Force plans to announce a tender for four tanker aircraft worth \$942 million.

The New Zealand government plans to build a new air traffic control system and expand its national aero-agribusiness and estimates that it will spend close to \$1 billion over the next ten years to upgrade its defense needs. Air New Zealand is acquiring regional jets for its subsidiary Mount Cook Airlines, and will require parts to maintain their new aircraft.

For further information on participation in the April 27-May 6, 2003 trade mission, please contact Dr. Sean McAlister at (202) 482-6239, fax: (202) 482-3113, or e-mail: Sean.McAlister@ita.doc.gov, or Phil.Keeling@mail.doc.gov

The deadline to submit applications is March 31, 2003.



Extract from FY03 Country Commercial Guide

AIRCRAFT & PARTS (AIR)

The aviation industry in Australia is comprised of three main sub-sectors: commercial aviation, defense aerospace and general aviation.

Commercial aviation is comprised of aircraft used for international and domestic trunk services and regional fleets, for which the local industry provides repair and modification up to 747-size aircraft. The commuter routes between the population centers on the East Coast, notably between the cities of Sydney and Melbourne, comprise one of the busiest air traffic lanes in the world.

The major licensed airline operator, Qantas, dominates domestic commercial aviation. Despite gradual deregulation of the airline industry through the 80's, culminating with the repeal of the two-airline policy in 1990, attempts to break into the market have met with failure or only limited success. According to the Bureau of Transport

Economics, in the years since deregulation, over forty airlines have entered and exited the regional aviation industry. Most of these were small. On a larger scale, after the downfall of Ansett last year, Virgin Blue remains the only real contender with Qantas. Virgin holds around thirteen percent of the market at this time. While the Government encouraged competition in what was seen as a regulated market, an open market has shown its capacity for competition to be even more limited.

The Australian Department of Defense plays a vital role in sustaining the Australian aerospace industry. The Department spends around US\$700 million annually on the acquisition of new aircraft, modification of existing fleets, and maintenance and spare parts. The United States enjoys an important strategic defense relationship with Australia, and there is day-to-day cooperation in maintenance, provision of spare parts, and development of Australia's military air assets. The recent decision by Australia to join the Joint Strike Fighter Program team points towards a possible purchase by Australia of up to 100 of these new aircraft, beginning in ten years.

General aviation (GA) and charter is supported nationwide by about 120 small companies based at or near the major airports. These small enterprises supply parts and overhaul and maintenance. About one-half of these establishments account for most of the turnover. Nearly all are located in New South Wales and Victoria, where the larger airline companies have major facilities and/or large maintenance bases.

The GA sector is made up of all non-scheduled flying activity by registered aircraft, other than that performed by major international and domestic airlines. Major categories of GA are private, business, training, aerial agriculture and charter. This sector also includes the growing sub-sectors of ultralight operations, gliders, hang gliders and autogyros. Charter and

flight training comprise the largest share of the market, and the use of light fixed and rotary-wing aircraft is one of the fastest-growing areas.

The health of the domestic aviation industry is highly dependent on the efficient operation of regional aviation services. In the most recent decade since deregulation, regional passenger traffic has been growing at an annual rate of around 13 percent.

Australia boasts one of the highest per-capita uses of light aircraft in the world, with over 11,000 aircraft utilizing over 277 licensed airports, many of which can be categorized as airfields. However, eighty percent of Australian airspace, which, in total, accounts for ten percent of the world's airspace, does not have radar coverage. Airservices Australia, the agency responsible for the management of air traffic control in the Australian flight information region, would like to improve this situation, at least partly, through increased use of the global positioning system.

There are about 35 regional commuter operators throughout Australia, providing regular public air transport services and serving 9-10 percent of the market. There are approximately 650 charter service operations holding a charter license; 280 establishments offering flying training and 45 offering helicopter flying training. Other features of the general aviation segment include aerial work such as surveying, spotting and photography; police and customs functions and aerial medical services; private piloting; corporate owned aircraft; and agricultural services, of which there are around sixty leading operations.

Total imports of aircraft goods currently run at about US\$1.2 billion, representing around 4.5 percent of Australia's total manufactured imports. Completed aircraft comprise about 66 percent of the imported value, and parts and components 24 percent. Other aircraft-related commodities make up the remainder (10 percent).

Jan 16, 2003

Source: *The Australian Financial Review*

Australian low-fare airline, Virgin Blue, has signed a contract with US-based Boeing for up to 50 brand new 737 next generation aircraft. Virgin said the maximum gross value of the contract would equate to about A\$5.4 billion. The deal gives Virgin Blue - half owned by listed logistics company Patrick Corp - 50 aircraft purchase rights, 10 of which have been converted to firm orders for 737-800 aircraft, to be delivered by August next year, lifting Virgin's fleet size to 40. This marks the first time Virgin has purchased aircraft instead of leasing with pre-delivery finance secured from two offshore banks. "This is a massive investment and a major milestone for Virgin Blue and it gives a clear indication of our bold future expansion plans," Virgin Blue Chief Executive, Brett Godfrey said.

Department of Defense to Outsource PC Network

The Australian Department of Defense (DoD), will issue a request for interest document by January 22, as a precursor to releasing official tender documents for the outsourcing of its 80,000-strong PC network. The request for interest document is aimed at gauging the industry's interest in bidding on the project, but it is believed that DoD has already been market testing the idea of outsourcing its desktops, servers, and desktop applications as well. If the latter components are included in the tender, the winning bidder could be awarded contracts worth in excess of US\$80 million per year. Likely bidders for the contract include IBMGSA, EDS, CSC, Telstra Enterprise Services, Getronics, and Fujitsu. Local outsourcing giant KAZ is also expected to make a bid for the work.

For more information on the request for interest document please refer to the DoD website located at www.defence.gov.au

For more information on any facet of the Australian IT market, please contact:

Duncan Archibald, Commercial Specialist

Tel: 61 2 9373 9212

Fax: 61 2 9221 0573

Duncan.archibald@mail.doc.gov

www.buyusa.com/australia

New Zealand Aviation Update

As a small trading nation, New Zealand is reliant on its aviation industry to support a number of economic roles:

- **Tourism:** more than 99% of all travelers to New Zealand arrive by air. Tourism is the single largest export earner to this country's economy. Tourism New Zealand is forecasting short-term growth in visitor arrivals for the year to June 2003 of 7.9% or 2.11 million visitors.
- **Trade:** exporters of perishable products such as seafood and flowers rely on the aviation industry to send their products to international markets. Agriculture products contribute more than 50% of New Zealand's GDP. Aviation also has a role in farm management e.g. top-dressing.
- **Security:** protecting New Zealand's long, mostly uninhabited, coastline has gained greater significance since September 11th. (Defense)

New Zealand's commercial aviation industry is part of the global picture and vulnerable to external shocks. Even before the September 11, 2001 terrorist attacks, the industry was heading into a ten-year cyclical decline. Last year's terrorist attacks on New York and Washington created a strong negative impact on air travel demand. In Australasia there were three airlines that were forced out of business - Ansett, Impulse, and Qantas New Zealand. Air New Zealand was saved when the New Zealand Government became the major shareholder of the company, in part due to its unique role in contributing to the sustainability of tourism.

Air New Zealand's new pricing schedules combined with a major marketing campaign to sell New Zealand as a safe destination have contributed to the company's turnaround. Even though the company is expecting to break even this year, at its October 2002 AGM, Managing Director, Mr. Ralph Norris said that the recovery of international air travel is still in decline.

To offset some of the expected external influences, Air New Zealand is applying strategic priorities for its fleet development:

- On provincial routes, the veteran Metroliners and Bandereintes are going to be replaced by new SAABS and an all-new fleet of 16, 19-seater Beech 1900D turboprops
- The Mount Cook fleet of 66 seater ATR72 turboprops is being expanded to 10 to improve connections between main centers, major secondary cities and tourism centers.
- The domestic jet-fleet on the main trunk routes (Auckland-Wellington-Christchurch) is being expanded to 10 737-300 aircraft and converted to a single class, 136 seat configuration - providing nearly 12% additional seating capacity

- For short-haul routes, that is trans-Tasman and South Pacific journeys, Air New Zealand is committed to purchasing 15 new Airbus A320 jets between October 2002 and October 2006 to replace Boeing 767-200 and 737 capacity.

In late November 2002, Qantas Australia announced it was proposing to buy a 22.5% share in Air New Zealand subject to approval from the New Zealand Government.

On the defense side, the Labour Government's decision in early 2001 to eliminate the RNZAF's combat air wing reflected an assumption that New Zealand did not face any serious external threats. It also reflected a set of new defense priorities that placed increased emphasis on Army-led peacekeeping forces for international operations. The events of September 11th 2001, and the October 12th, 2002 Bali bombing may have altered this view, and played a part in accelerating a number of military procurement decisions.

On the air side, this has included upgrading the P-3 ocean surveillance capability, updating the C-130 transport fleet, purchasing two "B-757" type aircraft for VIP transport and strategic airlift, upgrading air navigation capability and refurbishing or replacement of the Air Force's combat helicopter transport. Most recently, on November 18, 2002 Cabinet approved the purchase of two second-hand Boeing 757-200 jets to replace the old Boeing 727-100s (US\$50-100 million) and vamp of five C-130H Hercules air freighters (US\$160 million). Discussions are also underway to replace the Defence Force's transportation helicopters but no information has been released as to how many (not more than 12 and probably less), type or new/used status. Helicopters are used commercially in New Zealand for a number of applications, including tourism and farming.

For further information, please contact Janet Coulthart in CS Wellington at janet.coulthart@mail.doc.gov



ACCESS AUSTRALIA

What is Access Australia?

Australia is a receptive market for American products and equipment. Through the Access Australia Program, we are preparing a special mailing to agents, distributors and end-users of Air Conditioning, Refrigeration, Heating and Ventilation equipment and Medical equipment in Australia.

Our Access Australia program is designed to offer you both an effective and inexpensive means for testing market potential and making initial contact with potential Australian business partners.

How does the program work?

Once you decide to participate, potential agents & distributors specific to your product(s) will be contacted. You will be provided with a list of those companies that have expressed interest in receiving further information on your company and products.

INTRODUCING TWO NEW ACCESS AUSTRALIA PROGRAMS FOR 2003

Air Conditioning, Refrigeration, Heating and Ventilation

What is the cost? US\$250

Once payment has been received, send us a concise description of your product, in less than 150 words, which will form part of our promotion directory, together with 15 copies of your product literature.

Closing Date: February 21, 2003

Contact: Patricia Matt, Industry Specialist

U.S. Commercial Service
Sydney, Australia
Tel: (61-2) 9373-9211
Fax: (61-2) 9221-0573
Email: Patricia.Matt@mail.doc.gov

Medical Equipment

What is the cost? US\$150

Once payment is received, send us a concise description of your product, in less than 150 words, which will form part of our promotion directory, together with 20 copies of your product literature.

Closing Date: April 30, 2003

Contact: Monique Roos, Industry Specialist

U.S. Commercial Service
Sydney, Australia
Tel: (61-2) 9373-9212
Fax: (61-2) 9221-0573
Email: Monique.Roos@mail.doc.gov

Public holidays Australia

Jan 01 New Years Day
Jan 27 Australia Day Holiday
Mar 03 Labour Day (WA only)
Mar 10 Labour Day (VIC only)
Apr 18 Good Friday
Apr 21 Easter Monday
Apr 25 ANZAC Day
Jun 02 Foundation Day (WA only)
Jun 09 Queen's Birthday (Except WA)
Sep 29 Queen's Birthday (WA only)
Oct 06 Labour Day (NSW, ACT, SA only)
Nov 04 Melbourne Cup (Melbourne only)
Dec 25 Christmas Day
Dec 26 Boxing Day

Public Holidays New Zealand

Jan 01 New Years Day
Jan 20 Wellington Anniversary Day (Wellington only)
Jan 27 Auckland Anniversary Day (Auckland only)
Feb 06 Waitangi Day
Apr 18 Good Friday
Apr 21 Easter Monday
Apr 25 ANZAC Day
Jun 02 Queen's Birthday
Oct 27 Labour Day
Dec 25 Christmas Day
Dec 26 Boxing Day

Note: Commercial Service offices in Australia and New Zealand are also closed for U.S. National Holidays

OZ ENVIRO

Australian Environmental Bulletin

U.S. Commercial Service, Australia

Australian Environmental Trade Leads from Western Australia

Total environmental spending in Australia is around US\$5.3 billion, or about 1.5 percent of the total world market. The market is forecast to grow at a rate of four percent until 2005. In total, the industry is made up of about 2,500 mostly small firms, employing a total of 100,000 people. Imports currently satisfy 70 percent of the total demand for goods, and about 20 percent of the demand for services.

For further information on the articles in this publication or on any aspect of the Australian environmental market, please contact:

John Kanawati, Commercial Specialist

John.kanawati@mail.doc.gov Tel: 61 2 9373 9207 Fax: 61 2 9221 0573 www.buyusa.gov/australia

- ❑ An Australian firm is interested in working with a U.S. company able to provide engineering and design for **fume control solutions for large industrial plants**.

The Australian firm is a manufacturer and installer of dust control and noise pollution equipment. The firm has stated that, due to the exchange rate, it would need to perform the fabrication in Australia.

- ❑ A small environmental consultancy has expressed a **general interest in receiving inquiries from U.S. companies seeking representation**. The WA-based firm provides environmental, geotechnical and water resource services.

- ❑ The WA branch of a well established environmental and engineering services consultancy is potentially interested in reviewing **real-time environmental monitoring equipment**

- ❑ An Australian environmental consultancy is interested in receiving information from U.S. companies that market innovative processes in:

- **potable water treatment,**
- **wastewater treatment,**
- **sludge treatment,**
- **desalination/reverse osmosis technology, and**
- **thermal processes for the treatment of municipal solid waste.**

In addition to providing consultancy services, the firm has also developed and commercialized water and wastewater treatment processes.

Subscribe Now!

If you would like to directly receive the OZ Enviro Bulletin please send an e-mail to john.kanawati@mail.doc.gov

***AIMEX – Asia Pacific's International
Mining Exhibition 2003***
**Sydney, Australia – September 9-12,
2003**

The U.S. Commercial Service in conjunction with Reed Exhibitions is organizing a U.S. Pavilion within AIMEX, the largest mining exhibition within the Asia Pacific region.

Why AIMEX?

- AIMEX (www.aimex.reedexpo.com.au) has been a major event in Australia since the 1970s and is recognized as one of the most prominent mining exhibitions on the international calendar.
- For the first time, the show has been repositioned to emphasize the Asia Pacific region. This is expected to result in increased potential buyers from the region.
- The show is expected to attract between 10,000 - 15,000 visitors and 600 exhibitors.

What the U.S. Commercial Service is offering

- Whether you decide to exhibit within the U.S. Pavilion or independently, you can benefit from the reduced floor space rates made possible through the large area that the Pavilion will occupy.
- We will undertake a targeted campaign to alert potential end-users, agents, distributors and other business partners of your presence at the show.

To find out more about AIMEX 2003 and the U.S. Pavilion that we are arranging, please contact John Kanawati, U.S. Commercial Service, email: john.kanawati@mail.doc.gov



**High Court Deliberation To
Affect Free Speech**

The Australian High Court has expanded the scope of the local defamation laws by allowing overseas internet publishers to be sued in Australia. In a landmark decision, the High Court recently ruled that local businessman, Joseph Gutnick could sue Dow Jones in the State of Victoria over an article published on its US-based website.

This decision creates precedence and has the potential to effect all media companies publishing material online in countries adhering to the English common law system. These countries include Britain, Canada, New Zealand, Malaysia and South Africa.

Mr Gutnick launched his action the Victorian Supreme Court last year, claiming an article on Dow Jones's WSJ.com website was defamatory. The article appeared in the online version of Barron's magazine which has reportedly about 1700 subscribers in Australia. Mr Gutnick's attorneys argued that the article damaged his reputation in his home state of Victoria. Dow's lawyers wanted the case to be heard in New Jersey where the article was uploaded on to its internet servers.

The High Court said that Dow Jones wanted to overturn a 153-year-old legal principle that a defamation occurred where the material was read, heard, or observed and the subject had a reputation to protect, and not where the material was produced. The principal applied to newspapers, magazines, radio, television, and film and should now be applied to the Internet. Judges have already acknowledge that the borderless nature of the Internet meant that a plaintiff could "forum shop" and sue in a number of countries where they had a reputation.

The case will be deliberated in the Victorian Supreme Court next year.

Duncan Archibald, Commercial Specialist

Tel: 61 2 9373 9212

Fax: 61 2 9221 0573

Duncan.archibald@mail.doc.gov

www.buyusa.com/australia

The Tyranny of Distance:

Technology can be utilized to make long distance relationships seem next door. It is possible to limit costs and still gain sales from potential overseas clients. Technologies such as the Internet, long-distance phone service, and the availability of IT and logistic services make it simple to branch out to Australia.

The Internet is the most powerful tool to decrease the tyranny of distance. Information that is normally provided in brochures or leaflets can be infinitely accessible on the Internet. U.S. companies can join a global marketplace such as www.BuyUSA.com and meet QUALIFIED Australian businesses interested in importing from the U.S. Find out more by visiting your local Export Assistance Center www.usatrade.gov or buy visiting www.BuyUSA.com direct.

The U.S. Commercial Service (USCS) in Australia, is ready to provide market information, partner searches, and to personally assist U.S. companies enter the Australian market through various services and programs. One of our most popular, is the Gold Key Service, which is designed to find potential partners for any U.S. company by arranging one to two days of appointments to meet potential partners either in person or via video conference.

If a U.S. business is sending a representative to Australia without utilizing USCS programs or services, it is still recommended they contact us to set up a market briefing with either our Commercial Officer or Trade Specialist - you may discover this opens up new leads! We also offer fee-based services for ad hoc requests which do not fall into the traditional service categories. Other Business Facilitation Services include assistance with organizing presentations or seminars and the use of our conference as an office away from home during your visit.

Calling to or from Australia is also relatively inexpensive and it is generally cheaper to call to the U.S. from Australia although time differences must also be considered. Australia is usually 14 to 20 hours ahead of the U.S. depending on time zone and daylight savings. Business hours overlap in the morning in Australia (9:00-11:00 AM) and early evening in the U.S (2:00-9:00 PM).

Time Chart for Australia (Sydney) - USA (Pacific/Eastern)

| Sydney | Pacific | Pacific | Eastern | Eastern |
|-----------------|----------|----------|----------|----------|
| | Nov-Mar | Apr-Oct | Nov-Mar | Apr-Oct |
| Time Difference | -19 | -17 | -16 | -14 |
| 7:00 AM | 12:00 PM | 2:00 PM | 3:00 PM | 5:00 PM |
| 9:00 AM | 2:00 PM | 4:00 PM | 5:00 PM | 7:00 PM |
| 11:00 AM | 4:00 PM | 6:00 PM | 7:00 PM | 9:00 PM |
| 1:00 PM | 6:00 PM | 8:00 PM | 9:00 PM | 11:00 PM |
| 3:00 PM | 8:00 PM | 10:00 PM | 11:00 PM | 1:00 AM |
| 5:00 PM | 10:00 PM | 12:00 AM | 1:00 AM | 3:00 AM |
| 7:00 PM | 12:00 AM | 2:00 AM | 3:00 AM | 5:00 AM |
| 9:00 PM | 2:00 AM | 4:00 AM | 5:00 AM | 7:00 AM |
| 11:00 PM | 4:00 AM | 6:00 AM | 7:00 AM | 9:00 AM |
| 1:00 AM | 6:00 AM | 8:00 AM | 9:00 AM | 11:00 AM |
| 3:00 AM | 8:00 AM | 10:00 AM | 11:00 AM | 1:00 PM |
| 5:00 AM | 10:00 AM | 12:00 PM | 1:00 PM | 3:00 PM |
| 7:00 AM | 12:00 PM | 2:00 PM | 3:00 PM | 5:00 PM |

The U.S. Commercial Service is here to provide you with information. Give us a call. Send us an email. Let us know how we can help you export.

Melbourne

Unit 11011, APO AP 96551

Melbourne.Office.Box@mail.doc.gov

Tel: 61-3-9526-5928

Fax: 61-3-9510-4660

Auckland

PSC 467, Box 99, FPO AP 96531

Auckland.Office.Box@mail.doc.gov

Tel: 64-9-309-9812

Fax: 64-9-302-3156

Sydney

PSC, Unit 11024, APO AP 96554

Sydney.Office.Box@mail.doc.gov

Tel: 61-2-9373-9205

Fax: 61-2-9221-0573

Wellington

PSC 467, Box 1, FPO AP 96591

Wellington.Office.Box@mail.doc.gov

Tel: 64-4-462-6002

Fax: 64-4-473-0770

For a complete copy of featured reports, please contact the CS Trade Specialist direct. If any of our reports alerts you to a commercial opportunity in Australia or New Zealand, and leads to a successful transaction, please let us know! We would appreciate learning about your successes and how our efforts can best assist U.S. companies.